

LEWIS
AND
ROCA
LLP
L A W Y E R S

E-Filed on 6/18/07

3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
Facsimile (702) 949-8321
Telephone (702) 949-8320

Susan M. Freeman AZ State Bar No. 004199
Email: sfreeman@lrlaw.com
Rob Charles NV State Bar No. 006593
Email: rcharles@lrlaw.com

Attorneys for USACM Liquidating Trust

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company
06-10725 – Lead Case**

**USA Capital Realty Advisors, LLC
06-10726**

**USA Capital Diversified Trust Deed Fund,
LLC
06-10727**

**USA Capital First Trust Deed Fund, LLC
06-10728**

**USA Securities, LLC
06-10729**

Debtors.

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

CHAPTER 11

Jointly Administered Under Case
No. BK-S-06-10725-LBR

**RESPONSE OF THE USACM
LIQUIDATING TRUST TO PENDING
FEE APPLICATIONS**

Date: June 22, 2007
Time: 9:30 a.m.

Affecting:

× All Cases

or Only:

- .. USA Commercial Mortgage Company
- .. USA Capital Realty Advisors, LLC
- .. USA Capital Diversified Trust Deed Fund, LLC
- .. USA Capital First Trust Deed Fund, LLC
- .. USA Securities, LLC

The USACM Liquidating Trust, as post-confirmation successor to USA
Commercial Mortgage Company, hereby advises the Court pursuant to its request at the
hearing conducted on May 31, 2007, with respect to the pending fee applications:

Mesirow Financial Interim Management

The Trust extensively analyzed the application for compensation filed by Mesirow Financial Interim Management, LLC. A number of areas of concern were raised during the review of the application. The Trust immediately sought to engage the other post-confirmation constituencies and Mesirow in a constructive dialogue to avoid the extraordinary expense and delay involved in prosecution of objections to Mesirow's fee application. At the same time, the Trust had its professionals research the facts and law and draft an objection to the application so that the details of the concerns could be addressed with specificity. Geoffrey L. Berman, Trustee of the USACM Trust, personally took these concerns to creditor constituencies and then took the consensus of the creditors to Mesirow, in a sincere effort to resolve the necessity of filing an objection. The parties agreed to continue the deadline for objections to fees, and Mesirow and Mr. Berman met personally in Los Angeles and New York, and was involved in a number of telephone conferences, ultimately reaching a proposed settlement. That compromise is reflected in Mesirow's supplement filed on June 6, 2007 at Docket No. 3902. The Trust believes that the compromise reached effectively addresses each of the concerns noted above, as well as other areas.

Other Professionals

The Trust reviewed independently the final fee applications of Ray Quinney & Nebeker, P.C., Schwartzer & McPherson, and Kirkpatrick & Lockhart, Preston Gates Ellis LLP. These professionals employed by USACM seek compensation from the USACM estate. The Trust also reviewed the application of Gordon & Silver, which is paid from the USACM estate. The Trust is satisfied that the 2% fee reduction negotiated with the assistance of, among others, the office of the United States Trustee, along with RQN's withdrawal of its request for a fee enhancement, addresses the concerns that the Trust found in those applications.

The concessions offered by all the professionals in these cases provide significant, tangible benefit to the creditors of the various estates, as set forth in the following table:

| Firm | Original Application Fees | Amended Application Fees | Original Application Expenses | Amended Application Expenses | Reduction |
|--------------------------------------|---------------------------|---------------------------|-------------------------------|------------------------------|------------------------|
| Mesirow Financial Interim Management | \$13,889,203.09 | \$10,478,066.84 | \$1,117,168.74 | \$892,168.74 | \$3,636,136.25 |
| Ray Quinney & Nebeker | 3,679,202.52 | 3,605,618.47 | 234,862.68 | 234,862.68 | 73,584.05 |
| Schwartzter & McPherson | 1,087,736.00 ¹ | 1,065,981.28 ² | 34,273.68 | 34,273.68 | 21,754.72 |
| Lewis and Roca | 1,211,494.25 | 1,187,264.36 | 121,909.15 | 121,909.15 | 24,229.89 |
| Sierra Consulting | 367,984.50 | 360,624.81 | 8,241.05 | 8,241.05 | 7,359.69 |
| Stutman, Treister & Glatt, P.C. | 2,159,529.95 | 2,116,339.35 | 92,573.35 | 92,573.35 | 43,190.60 |
| Shea & Carlyon | 762,221.65 | 746,977.31 | 19,603.31 | 19,603.31 | 15,244.44 |
| Alvarez & Marsal | 645,012.51 | 632,112.26 ³ | 15,779.80 | 15,779.80 | 12,900.25 ⁴ |
| Orrick Herrington | 2,228,780.60 | 2,184,204.90 | 42,914.58 | 42,914.58 | 44,575.61 |
| Beckley Singleton | 458,344.87 | 449,177.97 | 65,469.83 | 65,469.83 | 9,166.90 |
| FTI Consulting | 1,613,380.50 | 1,581,112.89 | 30,951.02 | 30,951.02 | 32,267.61 |
| Gordon & Silver | 1,028,068.75 | 1,007,507.38 | 14,637.62 | 14,637.62 | 20,561.37 |
| Kirkpatrick & Lockhart | 22,283.00 | 22,283.00 | 247.69 | 247.69 | 0 |
| KMPG | 94,374.00 | 94,374.00 | | | 0 |
| TOTAL | 29,247,616.19 | 25,531,644.82 | \$1,798,632.50 | \$1,557,852.70 | \$3,940,971.38 |

The Trust took seriously the Court's request that the Court be advised that the parties independently reviewed the fee applications. The Trust assures the Court that it did

¹ This amount excludes sums paid through the interpleader.

² Assumes 2% reduction, although Debtors' local counsel's offer on this point is qualified, as follows, "assuming that all professionals for the Committees and the Debtors agree to a reduction of 2%". Schwartzter & McPherson Supplement, Docket 3913, at 7.

³ Assumes 2% reduction, although no reduction on file.

⁴ Assumes 2% reduction, although no reduction on file.

LEWIS
AND
ROCA
LLP
LAWYERS

1 review the fee applications, albeit in an efficient manner.⁵ We welcome the Court's
2 comments or questions.

3 Dated June 18, 2007.

4 **LEWIS AND ROCA LLP**

5
6 By /s/ RC (#006593)

Susan M. Freeman, AZ 4199 (pro hac vice)

7 Rob Charles, NV 6593

8 *Attorneys for USACM Liquidating Trust*
9
10
11
12
13
14
15
16
17
18
19
20
21
22

23 ⁵ The Trust spent in excess of 125 hours of DSI time in reviewing the professionals' fee
24 applications and in negotiating the Mesirow compromise. The Trust incurred about 180
25 hours of Lewis and Roca time reviewing the fee applications and preparing the Mesirow
26 objection. The Trust incurred additional time with Diamond McCarthy attorneys
identifying issues concerning Mesirow's performance. The Trust believes that all of this
expense was well justified in the savings to creditors of all of the estates, both in actual
dollars being withdrawn from consideration for payment and the cost of the professionals
not spent in filing and arguing the objections had such been filed.

LEWIS
AND
ROCA
LLP
LAWYERS

Proof of Service

COPY of the foregoing served via email where an email address is listed, and if no email address is listed, by first class mail, postage prepaid, on June 18, 2007, addressed to Post Effective Official Service List for Limited Notice No. 2 Dated June 1, 2007, and to the following interested parties:

Allison, Thomas J.
Managing Director
Mesirow Financial Interim Management,
LLC
321 N Clark Street, 13th Fl
Chicago, IL 60610
tallison@mesirowfinancial.com

Douglas M. Monson
Steven C. Strong
RAY QUINNEY & NEBEKER PC
36 South State Street, Suite 1400
PO Box 45385
Salt Lake City, UT 84145-0385
dmonson@rqn.com
sstrong@rqn.com

Lenard E. Schwartzer
Jeanette E. McPherson
SCHWARTZER & MCPHERSON LAW
FIRM
2850 S. Jones Blvd., Suite 1
Las Vegas, NV 89146-5408
bkfilings@s-mlaw.com

Edward M. Burr
Sierra Consulting Group, LLC
Two N. Central Avenue, Suite 700
Phoenix, AZ 85004
tburr@sierracglc.com

Candace C. Carlyon
Shlomo S. Sherman
SHEA & CARLYON, LTD
228 S. Fourth Street, 1st Floor
Las Vegas, NV 89101
ccarlyon@sheacarlyon.com
ssherman@sheacarlyon.com

LEWIS
AND

ROCA
LLP

LAWYERS

1 Gerald M. Gordon
Gregory E. Garman
2 GORDON & SILVER, LTD
3960 Howard Hughes Parkway, 9th floor
3 Las Vegas, NV 89109
bankruptcynotices@gordonsilver.com

4 Linda G. Moore
5 KIRKPATRICK & LOCKHART
PRESTON GATES ELLIS LLP
6 2828 N Harwood, Suite 1800
Dallas, TX 75201
7 Linda.moore@klgates.com

8 Richard Hartley
KPMG LLP
9 Suite 1500
15 W South Temple
10 Salt Lake City, UT 84101

11
12 /s/ Christine E. Laurel
Christine E. Laurel
13 Lewis and Roca